

Better-than-expected growth, easing inflation... but uncertainty regarding the financial turmoil and future path of monetary policy

Macro Trends Affecting Spanish and Swiss Securities Markets Q1 2023

The IMF slightly improves world growth forecasts for '23 (+2,9%) although maintains slowdown due to Central Banks rate hikes, inflation and War in Ukraine. However, China's recent reopening is boosting demand in '23. For '24 the world growth will slightly rebound to 3,1%.

The failure of US Silicon Valley Bank and Signature Bank following by crash of share's prices of First Republic Bank (US) and Credit Suisse (Swiss) causes financial turmoil around the world, greatly affecting debt and equity markets. Moreover, changes market expectations on monetary policy decisions for the rest of the year. Government bond markets again "safe haven" in one of the biggest movements in bond prices in more than 50 years.

Equity markets rebound throughout the first two months of 2023 whilst volatility softens and fixed income markets stabilize, with country and corporate risk premium spreads at healthier levels than in Q4 2022. Nevertheless, financial turmoil in March significantly reduces accumulated returns.

Despite eurozone's economic sharp slowdown, Spain continues to be one of the main growth contributors to the EU, being expected to grow close to 1,5% and 2,5% in '23 and '24 respectively. Spanish inflation also leads the slowdown in the region, with less energy supply dependence.

Swiss Government, central bank SNB, and regulator FINMA guarantee the liquidity of Credit Suisse initially with 50,000 million CHF and later promote and support the acquisition agreement by UBS. SNB raises rates again in December meeting and ends 2022 with three hikes removing its policy rate out of negative territory to 1% and will continue to raise rates until Switzerland gets price stability.

After a strong '22, LatAm currencies continue to appreciate in '23 thanks to greater credibility of fiscal policy, monetary policy of Central Banks and positive impact of China reopening on trade with LatAm. Uncertain effect of the world financial turmoil.

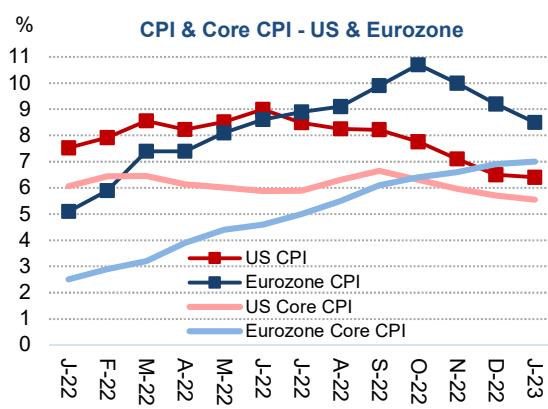
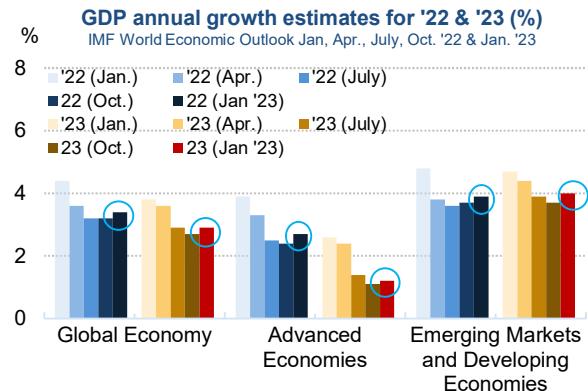
Main Spanish equity indices were following a its bullish trend started since lows in October'22 until end beginning of March '23. Afterwards, financial turmoil reduces annual returns around 6%, but still 11% in small cap category.

Swiss Stock Exchange IPOs in 2022 surpasses last years figures boosted by the success of the China-Switzerland Stock Connect program kicked off in July. Of the 14 IPOs, 9 were GDR listings from Chinese companies.

GLOBAL ECONOMY

The world economy is estimated to have closed '22 with 3,4% growth (up from 3,2% in Oct.). The IMF also improves previous growth projections for '23 & '24, although still maintains slowdown prospects due to rises in reference interest rates and the war in Ukraine. Nevertheless, China's recent reopening has paved the way for a faster-than-expected recovery in '23. (WEO Jan. '23).

La economía mundial puede cerrar '22 con un crecimiento del 3,4% (vs 3,2% de octubre). El FMI también mejora las proyecciones para '23 y '24, aunque mantiene perspectivas de desaceleración debido a las subidas de tipos de BCs y a la Guerra de Ucrania. La reciente reapertura de China generará una pronta recuperación en '23. (WEO enero '23).



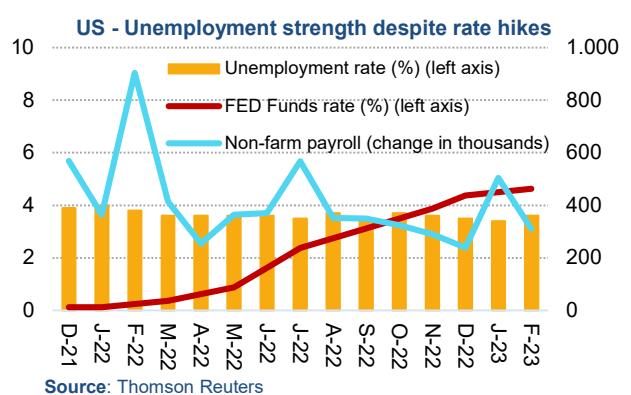
Source: Thomson Reuters

The failure of US SVB and others and the crash of Credit Suisse causes financial turmoil affecting Government and private debt and equity markets. Changes market expectations on monetary policy stance of major Central Banks. The US labour market continued to show strength hikes.

La quiebra del SVB y la caída de Credit Suisse provocan turbulencias financieras en todo el mundo que afectan a la deuda privada y pública y a las Bolsas. Cambia las expectativas del mercado sobre la política monetaria. El mercado laboral de EEUU sigue mostrando fortaleza.

Inflation in the US and Eurozone seems to have left highs since June and October, respectively, thanks to drop in energy and major commodity prices in the 2nd half of 2022. Although overall inflation has slowed down in the last quarters, core inflation remains sticky, especially in the Eurozone.

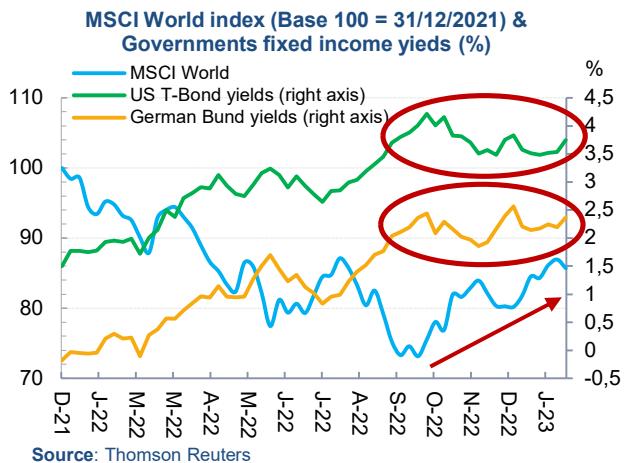
La inflación en los EEUU y la zona euro parece haber dejado su punto máximo desde junio y octubre, respectivamente, gracias a la caída de los precios de la energía y las principales materias primas en la segunda mitad de 2022. Aunque la inflación general se ha desacelerado en los últimos trimestres, la inflación subyacente sigue persistente y elevada, especialmente en la zona euro.



Source: Thomson Reuters

The strength of advanced economies in spite of 2022 rate hikes and the reopening of China in 2023 were representing bullish factors in equity markets, increasing the probability of a "soft landing". The March financial turnmoil abruptly stops the trend and introduces uncertainty for the comming months.

La fortaleza de las economías avanzadas pese a las subidas de tipos y la reapertura de China estaban representando factores alcistas en los mercados bursátiles, incrementándose la probabilidad de "aterrizaje suave". Las turbulencias financieras frenan la tendencia de forma abrupta e introducen incertidumbre para los próximos meses.



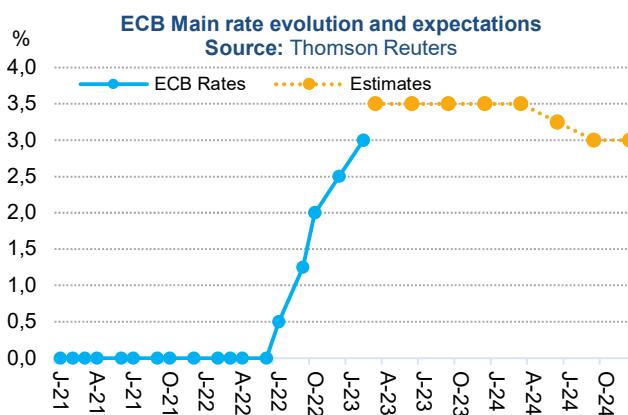
Source: Thomson Reuters

EUROPEAN ECONOMY

Growth in euro area is revised up 0,2 percentage points for '23 to 0,7% due to lower wholesale energy prices and fiscal support from national governments. In UK, projections have been cut sharply to recessionary territory to -0,6% in '23, a 0,9 percentage point downward revision from October. (IMF WEO Jan. '23).

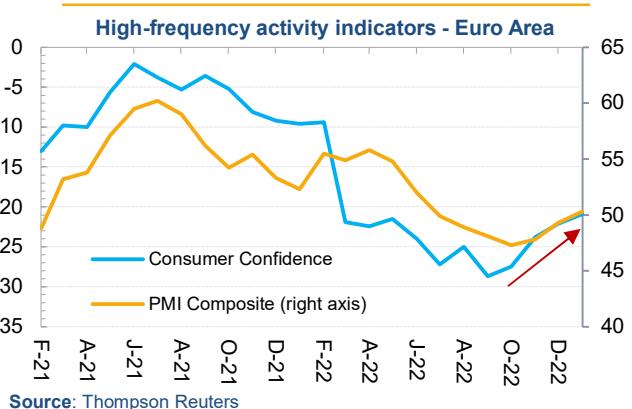
El crecimiento de la eurozona se revisa al alza 0,2 puntos para el '23 (0,7%) debido a menores precios de la energía y al apoyo fiscal de los gobiernos nacionales. En el Reino Unido, las proyecciones se han reducido bruscamente a territorio recesivo (-0,6% en el '23), una revisión de -0,9 puntos desde octubre. (WEO enero. 23).

Eurozone upward revision vs UK worsening



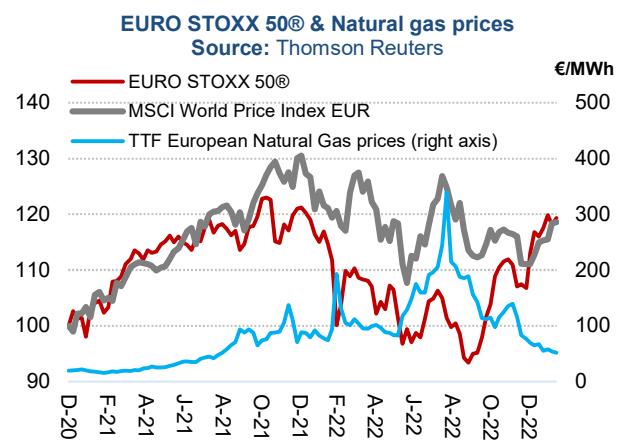
The ECB raises interest rates again in Jan. and Mar. '23 by 50+50 b.p. to 3,5% despite financial turmoil. After the meeting, prioritizes fight against inflation and guarantees liquidity support to eurozone banks. The institution will evaluate the subsequent path of its monetary policy.

El BCE vuelve a subir los tipos de interés en enero y febrero en 50+50 p.b. hasta el 3,5% a pesar de las turbulencias financieras. Prioriza la lucha contra la inflación y garantiza el soporte a la liquidez bancaria. La Institución evaluará la trayectoria posterior de su política monetaria.



High-frequency economic activity indicators starts showing recovery amid lower inflation forecasts, better than expected demand from China, fiscal support measures and a tight labour market with solid wage growth that holds demand strong.

Los indicadores de actividad económica de alta frecuencia comienzan a mostrar una recuperación en medio de previsiones de inflación más bajas, una demanda de China mejor de lo esperado, medidas de apoyo fiscal y un mercado laboral ajustado con un sólido crecimiento salarial que mantiene la demanda fuerte.



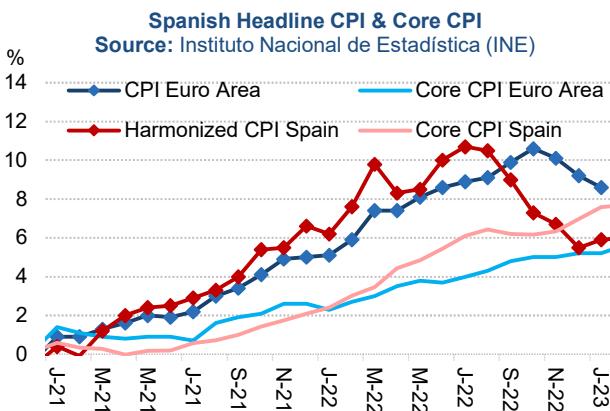
Until financial turmoil, European stocks outperform international equity indices amid lower energy prices since last quarter of 2022 lead led by financial stocks and technology. Meanwhile, gas prices continues to register new lows since 2H 2021.

Hasta las turbulencias financieras de marzo, las acciones europeas superan a los índices bursátiles internacionales en medio de precios más bajos de la energía desde el 4T de 2022, liderado por la industria financiera europea y la tecnología, entre otros. Mientras tanto, los precios del gas continúan registrando nuevos mínimos desde el 2S de '21.

SPANISH ECONOMY

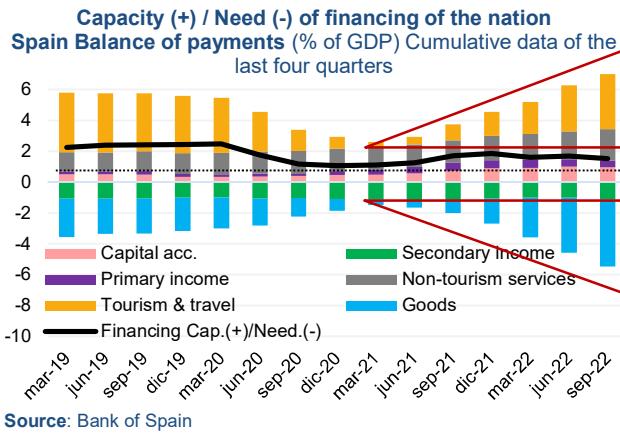
Although slowdown affects Eurozone as a whole, Spain will continue to be one of the main contributors to growth, being expected to increase GDP between 1-1.5% in '23 and close to 2,5% in '24. The strong recovery of the tourist sector, lesser dependence on the Russian gas and the NextGenerationEU funds continue to be main reasons of its resistance.

Aunque la desaceleración afecta al conjunto de la Eurozona, España seguirá siendo uno de los contribuyentes al crecimiento económico, (1-1,5% el '23 y cerca del 2,5% el '24). La fuerte recuperación del turismo, la menor dependencia del gas ruso y los fondos NextGenerationEU demuestran su resistencia.



The Spanish housing market starts to show signs of slowdown amid interest rates hikes and financial tightening that moderates credit lending to households for housing purchases. In the Q3 of 2022, the house price index registered a decline for the first time since Covid bursted.

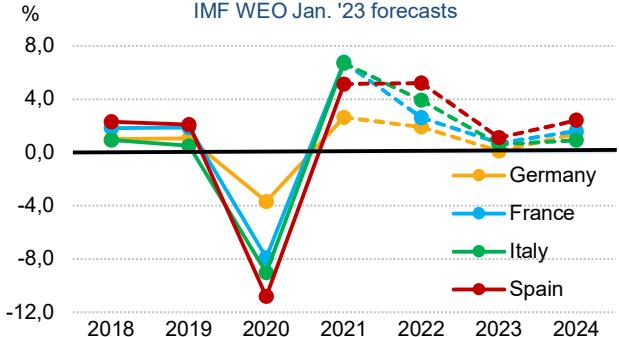
El mercado inmobiliario español comienza a mostrar signos de desaceleración en medio de subidas de tipos de interés y empeoramiento de las condiciones financieras que modera los préstamos a los hogares para la compra de vivienda. En el 3T de 2022, el índice de precios de la vivienda registró un descenso por primera vez desde que estalló el Covid.



Source: Bank of Spain

Euro Area - Annual GDP growth per country (2018 - 2024)

IMF WEO Jan. '23 forecasts

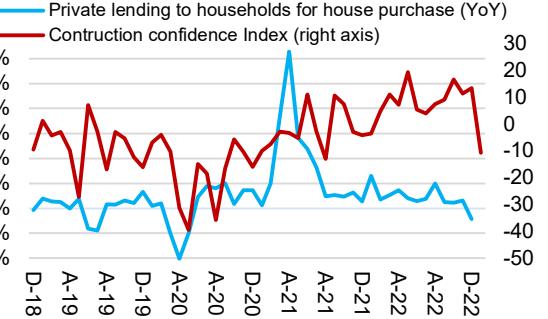


Although the Spanish harmonized CPI has slowed down more than that of the euro zone, core inflation (excluding unprocessed food and energy) continues to rise gradually, driven above all by "second round effects" and the lifting of subsidies for energy.

Aunque el IPC armonizado español se ha desacelerado más que el de la zona euro, la inflación subyacente (sin alimentos no elaborados ni energía) sigue aumentando de forma paulatina impulsada sobre todo por los "efectos de segunda ronda" y el levantamiento de los subsidios a la energía.

Spanish Housing market indicators

Source: Bank of Spain & Ministry of Industry, Trade and Tourism



Despite the current European energy shock supply impact on the Spanish balance of trade, the improvement of the tourism and travel account throughout 2022 helps Spain to end the year again with surplus in the CA balance and also, for 10th consecutive year, with net lending capacity. In November, cumulative net lending capacity closed at €M 23.252.

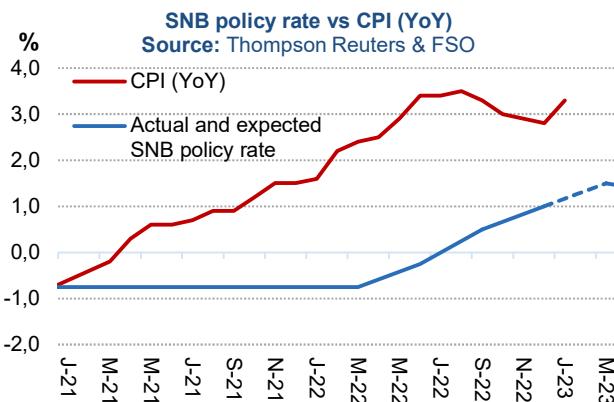
A pesar del actual impacto del shock energético europeo en la balanza comercial española, la mejora de la cuenta de turismo y viajes a lo largo de 2022 ayuda a España a cerrar la balanza c/c en superávit y por décimo año consecutivo también con capacidad de financiación de la nación en positivo. En noviembre, la capacidad de financiación acumulada cerró en 23.252 M€.

Affecting Spanish and Swiss Securities Markets

SWISS ECONOMY

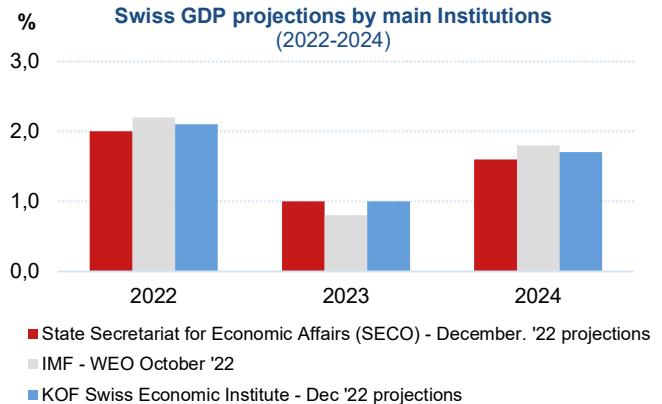
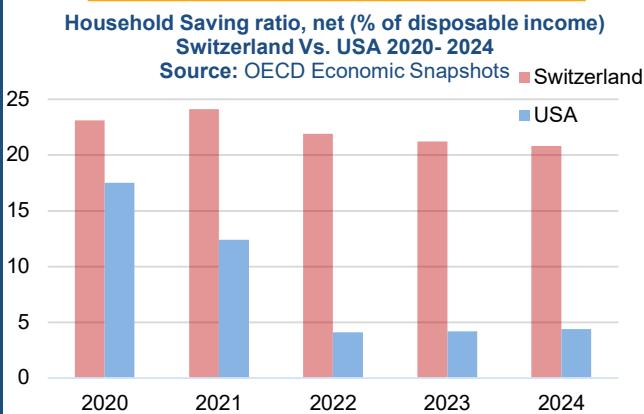
According to SECO, Swiss economy has grown 2% in '22 and will slow down to 1,0% in '23 (0,1 p.p. lower than Sept. forecast), followed by 1,6% growth in '24. Sluggish growth in '23 for the Swiss Economy will be reflected in a slight decline of the labour market, which has remained strong so far in 2022.

Según SECO, la economía suiza ha crecido un 2% en el '22 y se desacelerará hasta el 1,0% en el '23 (0,1 puntos menos que la estimación de septiembre), seguido de un crecimiento del 1,6% en el 24. El lento crecimiento para '23 se reflejará en un ligero declive del mercado laboral, que se ha mantenido fuerte en '22.



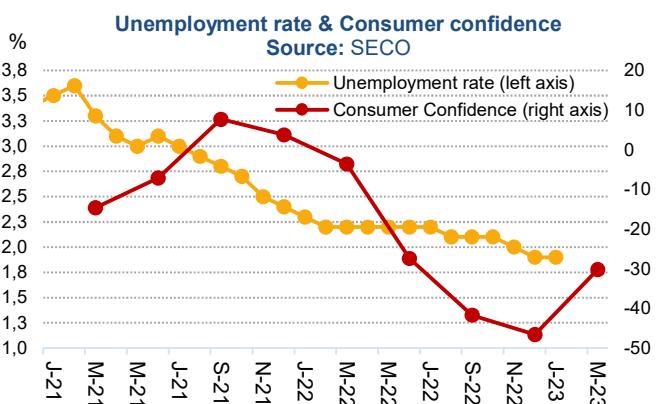
Swiss consumer confidence start rebounding amid better than expected economic slowdown prospects and lower inflation growth pace. Meanwhile, labour market remains strong, achieving nearly full employment, with less than 2% unemployment rate in the country.

La confianza del consumidor suizo comienza a recuperarse al calor de perspectivas de menor desaceleración económica y un menor ritmo de crecimiento de la inflación. Mientras tanto, el mercado laboral sigue siendo fuerte, logrando casi pleno empleo, con una tasa de desempleo inferior al 2% en el país.



Swiss Government, Swiss National Bank and financial authority FINMA guarantee the liquidity of Credit Suisse initially with 50.000 million CHF and later promote and support the acquisition agreement by UBS for 3.000 Million CHF. SNB raises reference rates again in December meeting and ends 2022 with three hikes to 1%.

El Gobierno, el Banco central suizo y la Autoridad financiera (FINMA) garantizan la liquidez de Credit Suisse inicialmente con 50.000 millones de CHF y posteriormente promueven y apoyan la adquisición por parte de UBS valorada en 3.000 millones de Francos Suizos. El SNB vuelve a subir sus tipos de referencia en la reunión de diciembre y termina 2022 con 3 alzas hasta alcanzar el 1%.



Once the Covid-19 pandemic seems over, the Swiss economy maintains very high household savings rates that serve as a containment to inflation. Just the opposite of, for example, in the United States where the level of household savings has fallen to 4% in 2022 with prospects of continuing in the near future.

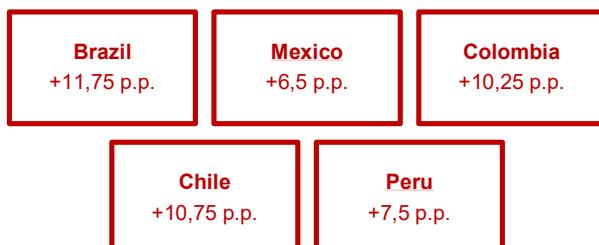
Una vez superada la pandemia del Covid-19, la economía suiza mantiene tasas de ahorro familiar muy elevadas que sirven de contención a la inflación. Justo lo contrario que, por ejemplo, en Estados Unidos donde el nivel de ahorro familiar han caído hasta el 4% en 2022 con perspectivas de continuar así en un futuro próximo.

LATIN AMERICAN ECONOMY

Growth in LatAm is expected to have closed at 3,9% in 2022 whilst moderate to 1,8% in 2023, up from 1,7% in October forecast. This upward revision reflects unexpected domestic demand resilience, higher-than expected growth in major trading partner economies and greater fiscal support in Brasil.

Se espera que el crecimiento en LatAm cierre en 3,9% en '22, mientras que modere a 1,8% en '23, frente al 1,7% previsto en octubre. Esta revisión al alza refleja una inesperada resiliencia de la demanda interna, un crecimiento superior al esperado en los principales socios comerciales y un mayor apoyo fiscal en Brasil.

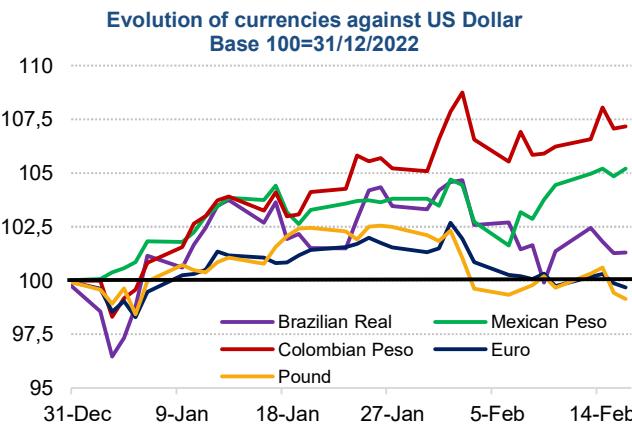
LatinAmerica main central banks acted in advance and were more aggressive on rate increases to combat inflation (data in aggregated percentage points since 2021 until end 2022)



Source: National sources

Given the close trade relations between Latin America and China, the reopening of the Asian giant after the end of the zero Covid policy at the end of December may provide an economic boost for the LatAm countries.

Dadas las estrechas relaciones comerciales entre América Latina y China, la reapertura del gigante asiático tras el fin de la política cero Covid a finales de diciembre puede proporcionar un impulso económico para los países latinoamericanos.



Source: Thomson Reuters

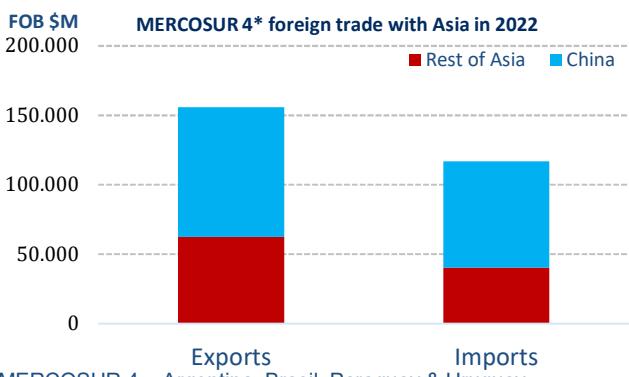
Latin America & Main countries in the region
Annual real GDP Growth

Source: IMF (WEO October 2022)



The main central banks (BC) in the region have forcefully raised interest rates from their lows at the beginning of 2021 to combat inflation, favoring a better performance of Latin American currencies in the face of the general appreciation of the US dollar with respect to the major global currencies.

Los principales bancos centrales (BC) de la región han elevado contundentemente los tipos de interés desde sus mínimos de principios de 2021 para combatir la inflación, favoreciendo un mejor desempeño de las monedas latinoamericanas frente a la apreciación general del dólar estadounidense con respecto a las principales monedas mundiales.



*MERCOSUR 4 = Argentina, Brasil, Paraguay & Uruguay.
Source: MERCOSUR.

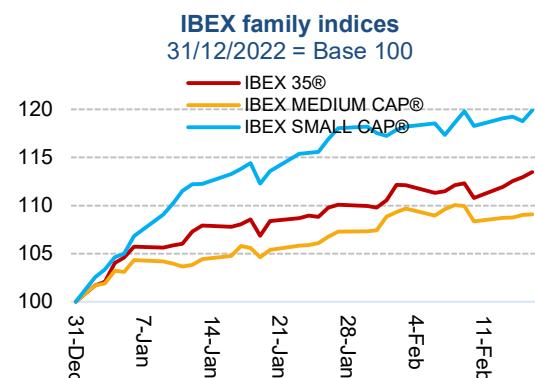
After a good '22, main Latin American currencies appreciate in the first months of '23, taking advantage of a less strong dollar. The greater credibility towards the Latin American CBs and the positive impact of the reopening of China, among factors that explain the advance.

Tras un buen '22, las principales monedas latinoamericanas se aprecian en los primeros meses de 2023 aprovechando una menor fortaleza del dólar. La mayor credibilidad hacia los bancos centrales latinoamericanos y el impacto positivo de la reapertura de China, entre los factores que explican la mejora.

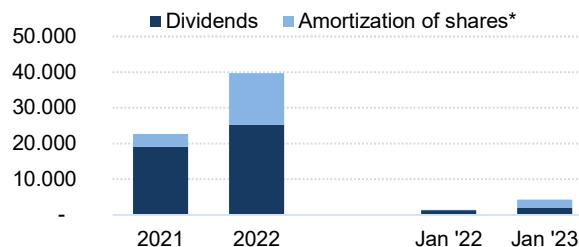
SPANISH SECURITIES MARKETS

Main Spanish equity indices had followed an upward trend started since lows in October 22 until beginning of March '23. Afterwards, financial turmoil reduces annual returns around 6%, but still 11% in small cap category.

Los principales índices bursátiles españoles habían marcado tendencia alcista iniciada desde los mínimos de octubre '22 hasta principios de marzo '23. Posteriormente, las turbulencias financieras han reducido en pocos días la rentabilidad anual por debajo del 5 %, pero aún cerca del 10 % en el índice de Small Caps.



Shareholder retribution in Spanish equity markets
Source: BME



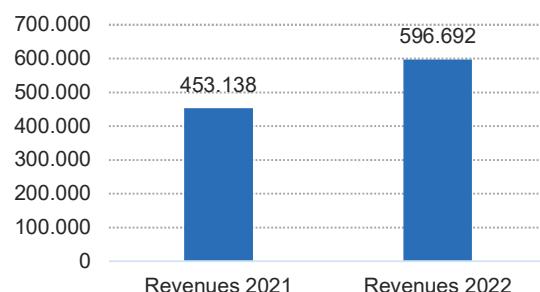
*Measured by market prices

With Q4 earnings season already finished, IBEX 35® companies increased revenues by 31% in 2022. Almost all energy and financial listed companies exceeded expectations both in revenues and results.

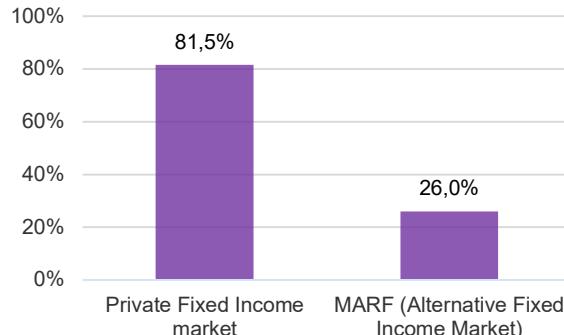
Spanish equity markets highlighted in '22 by its shareholder retribution. Dividends escalated 32,6% more than in 2021. In addition, amortization of shares rocketed 303% as mainly but not only the banking sector announced buyback programs throughout the year. At the beginning of 2023, both dividends and amortizations increase.

La Bolsa española destaca en '22 por su retribución al accionista. Los dividendos aumentaron un 32,6% respecto al año anterior. Además, la amortización de acciones se disparó un 303% a medida que el sector bancario anunciaaba programas de recompra a lo largo del año. Al inicio de 2023 tanto los dividendos como las amortizaciones continúan aumentando.

IBEX35: Company Revenues 2021 & 2022
Source: Companies published accounts



Private Fixed Income Issues in BME Markets
Source: BME



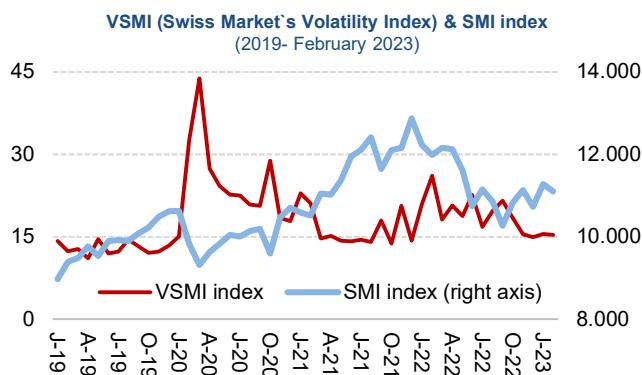
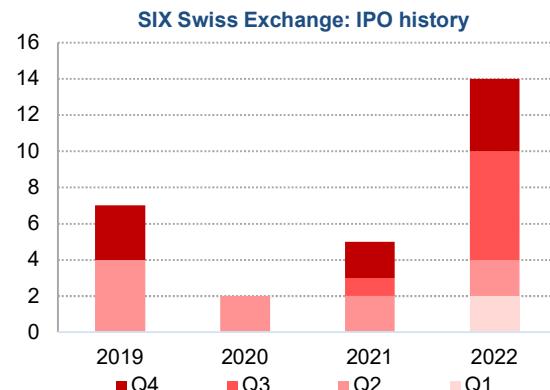
In the Private Fixed Income Regulated Market, an issue volume of 35,721 million euros was reached in the first two months of the year (+81% on same period last year). In the MARF for smaller companies, 2,500 million euros of issued volume have been reached (+26%).

En el Mercado Regulado de Renta Fija Privada se ha alcanzado en los dos primeros meses del año un volumen de emisión de 35.721 millones de euros que supone un aumento del 81% sobre el mismo periodo del año anterior. En el MARF para empresas de menor dimensión se han alcanzado los 2.500 millones de euros de emisiones (+26% respecto al año anterior).

SWISS SECURITIES MARKETS

Swiss Stock Exchange IPOs in 2022 surpasses last years figures boosted by the success of the China-Switzerland Stock Connect program kicked off in July. Of the 14 IPOs, 9 were GDR listings from Chinese companies.

Las OPVs de la Bolsa suiza en 2022 superan las cifras del año pasado impulsadas por el éxito del programa China-Suiza Stock Connect iniciado en julio. De las 14 OPVs, 9 fueron de GDRs de compañías chinas.



SMI Index, the main Swiss Exchange indicator, rebounded consistently from September lows whilst market volatility measured by the VSMI indicator registered lows since 2021 around 15%. March financial turmoil drives returns close to zero year to date.

El índice SMI, el principal indicador de la Bolsa suiza, se recuperaba de forma sostenida desde los mínimos de septiembre, mientras que la volatilidad del mercado medida por el indicador VSMI, registraba mínimos desde 2021 en torno al 15 %. Las turbulencias financieras de marzo llevaban las rentabilidades cerca de cero en lo que va de '23.

In 2022, SIX welcomed Xlife Sciences (XLS) as the first company in the new Sparks segment dedicated to small and medium enterprises of SIX Swiss Exchange. Sparks is a way to boost growth for SMEs, create jobs and promote equality through public markets, among others.

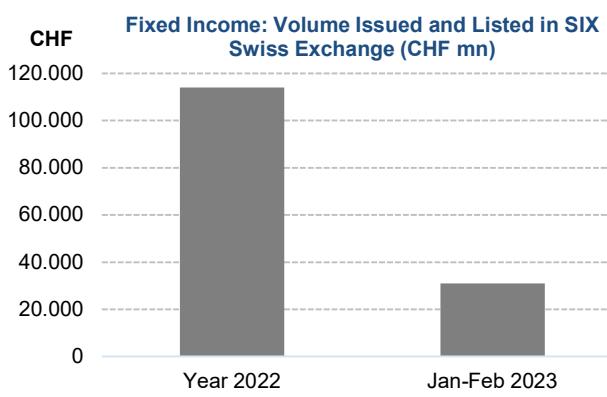
En 2022, SIX dio la bienvenida a Xlife Sciences (XLS) como la primera compañía en el nuevo segmento Sparks dedicada a pequeñas y medianas empresas de SIX Swiss Exchange. Sparks es una forma de impulsar el crecimiento de las PYMEs, crear empleos y promover la igualdad a través de los mercados, entre otros.

Sparks listing requirements

- A market capitalization of less than CHF 500 million & freely tradable shares >CHF 15M.
- A track record > 2 years.
- An equity capital > CHF 12M.
- A capital increase > CHF 8.0 million as part of the IPO (unless equity capital > CHF 25M).
- Freely tradable shares of > 15% (of the outstanding shares).

Between January and February 2023, CHF 30,911 million were admitted in the Fixed Income market managed by SIX Swiss Exchange, 59.3% more than in the same period of the previous year. During the whole year 2022, 114,000 million were issued and admitted, 18.4% more than the previous year.

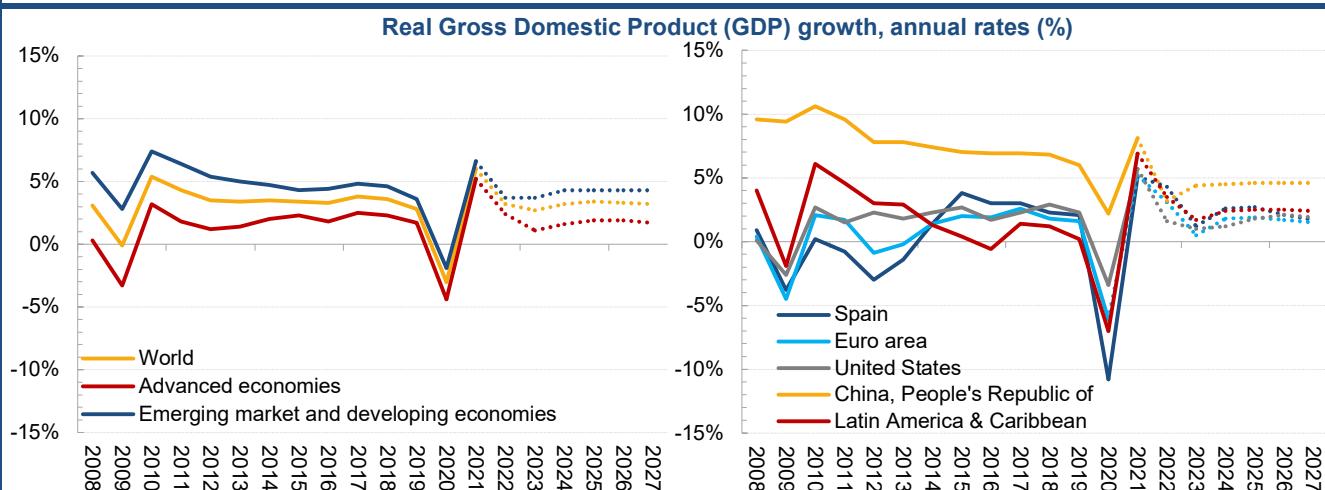
Entre enero y febrero de 2023 se admitieron 30.911 Millones de CHF en el mercado de Renta Fija gestionado por SIX Swiss Exchange, un 59,3% más que en el mismo periodo del año anterior. En el conjunto de 2022 se emitieron y admitieron 114.000 millones, un 18,4% más que el año anterior.



China's reopening and inflation slowdown improve demand and consumer confidence prospects, the consequence is an slight upward revisions of GDP growth in major advanced areas and countries. Nevertheless, rising interest and inflation still high and resistant, support the slowdown outlook for the next two years. (IMF WEO Jan.).

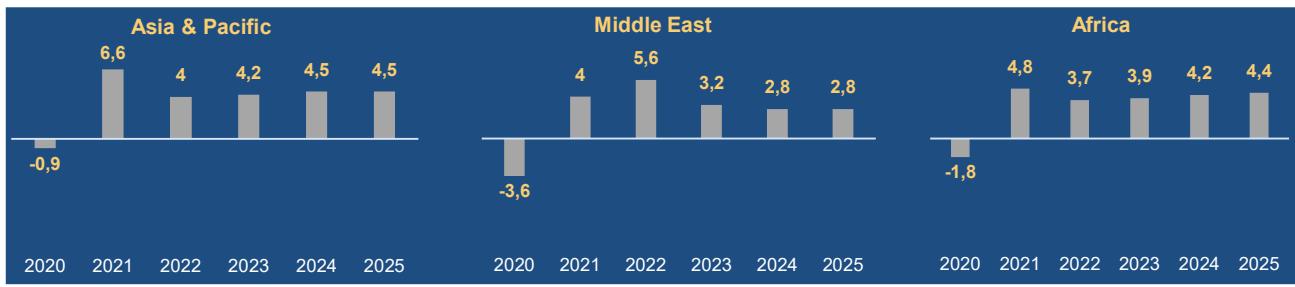
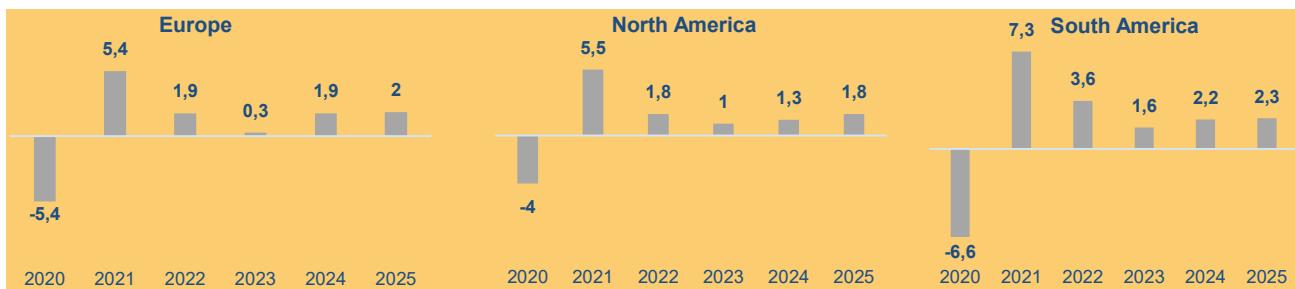
Macro Trends

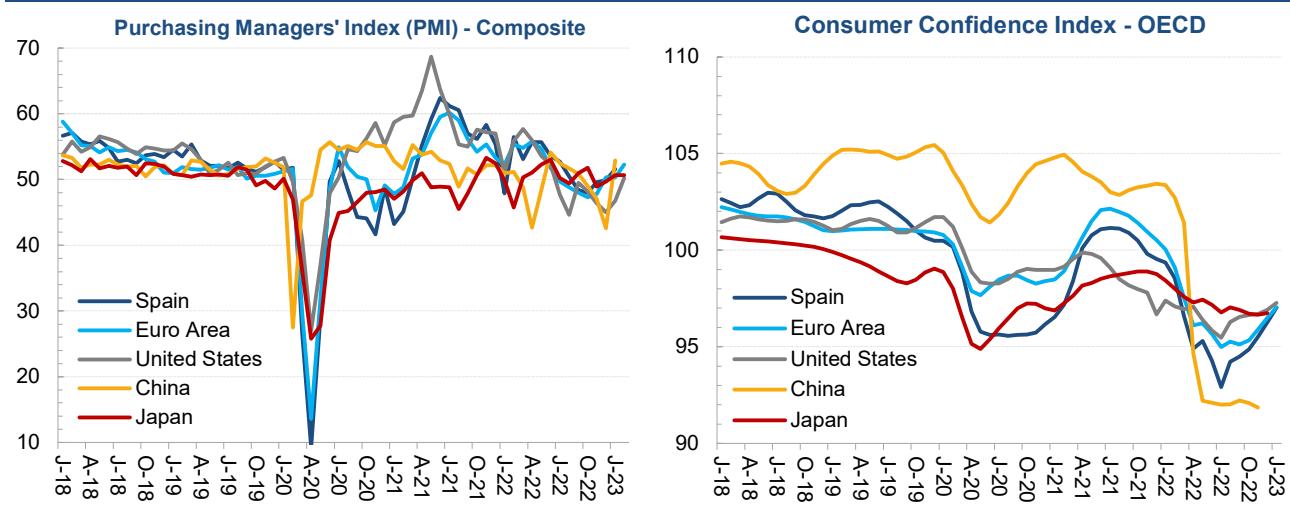
Appendix World Outlook



Main indicators - Real GDP growth YoY% *Estimates from IMF WEO October 2022.

	2019	2020	2021	2022*	2023*	2024*	2025*	2026*	2027*
World Output	2,8	-3,0	6,0	3,2	2,7	3,2	3,4	3,3	3,2
Advanced economies	1,7	-4,4	5,2	2,4	1,1	1,6	1,9	1,9	1,7
United States	2,3	-3,4	5,7	1,6	1,0	1,2	1,8	2,1	1,9
Euro Area	1,6	-6,1	5,2	3,1	0,5	1,8	1,9	1,7	1,5
Germany	1,1	-3,7	2,6	1,5	-0,3	1,5	2,2	1,8	1,3
France	1,9	-7,9	6,8	2,5	0,7	1,6	1,8	1,7	1,4
Italy	0,5	-9,0	6,7	3,2	-0,2	1,3	1,1	1,1	0,7
Spain	2,1	-10,8	5,1	4,3	1,2	2,6	2,7	2,1	1,7
Japan	-0,4	-4,6	1,7	1,7	1,6	1,3	0,9	0,5	0,4
United Kingdom	1,7	-9,3	7,4	3,6	0,3	0,6	2,3	2,2	1,5
Switzerland	1,2	-2,5	4,2	2,2	0,8	1,8	1,2	1,8	1,2
Canada	1,9	-5,2	4,5	3,3	1,5	1,6	2,3	1,9	1,7
Emerging Economies	3,6	-1,9	6,6	3,7	3,7	4,3	4,3	4,3	4,3
China	6,0	2,2	8,1	3,2	4,4	4,5	4,6	4,6	4,6
India	3,7	-6,6	8,7	6,8	6,1	6,8	6,8	6,5	6,2
Russia	2,2	-2,7	4,7	-3,4	-2,3	1,5	1,0	0,8	0,7
Latin America & Caribbean	0,2	-7,0	6,9	3,5	1,7	2,4	2,5	2,5	2,4
Brazil	1,2	-3,9	4,6	2,8	1,0	1,9	2,0	2,0	2,0
Mexico	-0,2	-8,1	4,8	2,1	1,2	1,8	2,1	2,1	2,1

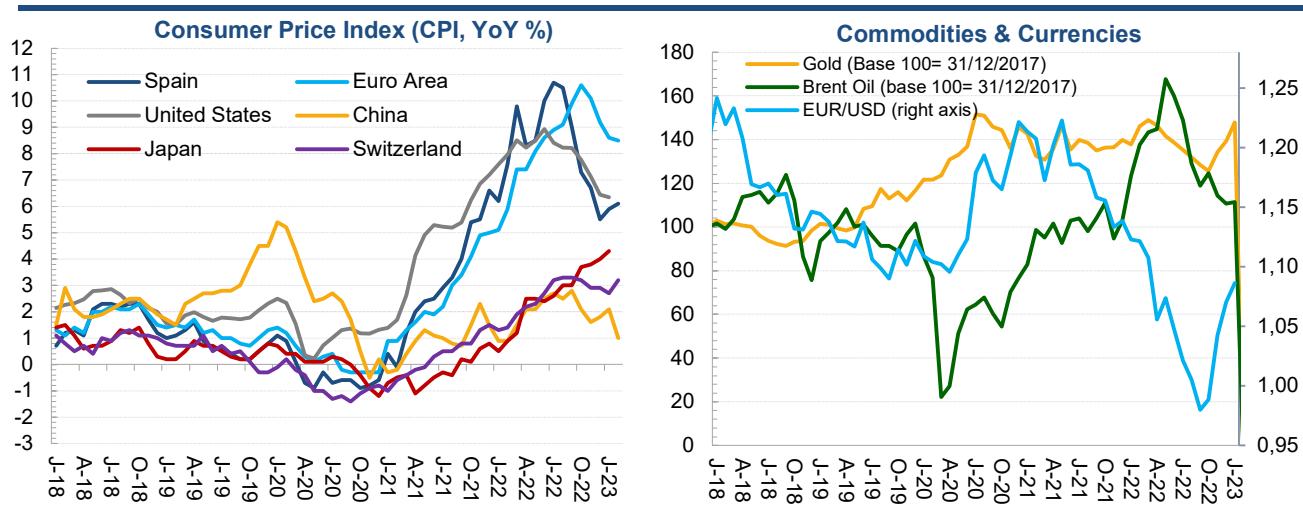




Main indicators - Data for the year is the average of monthly figures

	2019	2020	2021	10/22	11/22	12/22	01/23	02/23
Purchase Manager Index (PMI) - Levels above 50 show expansion and below 50 contraction.								
Advanced economies								
United States	52,48	48,76	59,66	48,20	46,40	45,00	46,80	50,20
Euro Area	51,30	44,02	54,88	47,30	47,80	50,30	50,30	52,30
Germany	51,11	46,39	55,28	45,10	46,30	49,00	49,90	51,10
France	51,15	43,49	53,76	50,20	48,70	49,10	49,10	51,60
Italy	50,08	41,75	54,71	45,80	48,90	49,60	51,20	0,00
Spain	52,69	41,51	55,33	48,00	49,60	49,90	51,60	0,00
Japan	50,48	42,42	49,38	51,80	48,90	49,70	50,70	50,70
United Kingdom	50,18	46,43	55,83	48,20	48,20	49,00	48,50	53,00
Switzerland (manuf, Credit Suisse)	49,11	48,78	65,88	54,90	53,90	54,10	49,30	0,00
Canada (IVEY)	53,95	50,17	61,40	52,80	51,50	49,30	60,10	0,00
Emerging Economies								
China	51,79	51,16	52,40	49,00	47,10	42,60	52,90	0,00
India	52,22	44,28	54,16	55,50	57,80	59,40	57,50	0,00
Russia	52,26	45,98	51,93	45,80	50,00	48,00	49,70	0,00
Brazil	51,38	46,15	51,15	53,40	49,80	49,10	49,90	0,00
Mexico (manufacturing)	49,67	42,69	47,62	50,30	50,60	51,30	48,90	0,00
Consumer Confidence Index								
Advanced economies								
United States	101,30	99,27	98,77	96,64	96,69	96,91	97,28	--
Euro Area	101,04	98,73	100,85	95,33	95,90	96,49	97,03	--
Germany	101,27	99,60	100,54	96,27	96,66	97,22	97,82	--
France	99,81	98,62	100,27	96,71	96,84	96,81	96,75	--
Italy	100,70	99,45	102,01	97,60	98,50	99,14	99,46	--
Spain	101,77	96,84	99,76	94,86	95,51	96,26	97,01	--
Japan	99,03	96,64	98,29	96,71	96,66	96,73	0,00	--
United Kingdom	99,88	98,01	100,91	92,07	92,52	92,83	92,90	--
Switzerland	99,94	97,56	100,09	92,07	92,52	92,83	92,90	--
Canada (refinitiv)	53,18	45,25	52,28	48,51	46,62	49,34	48,81	47,49
Emerging Economies								
China	105,08	103,22	103,72	92,09	91,86	--	--	--
India (RBI)	85,70	52,30	63,40	77,30	--	80,60	--	--
Russia	99,59	97,19	97,83	97,43	97,36	--	--	--
Brazil	100,53	98,50	98,31	100,16	100,10	100,04	99,92	--
Mexico	104,45	98,00	102,28	101,22	101,58	102,02	--	--

Source: IHS Markit; OECD, IVEY, Refinitiv, Credit Suisse, RBI.



Main indicators

	2019	2020	2021	10/22	11/22	12/22	01/23	02/23
Inflation (CPI) (IMF, YoY at end of period)								
Advanced economies								
United States	2,31	1,32	7,19	7,76	7,14	6,45	6,35	0,00
Euro Area	1,30	-0,30	5,00	10,60	10,10	9,20	8,60	10,00
Germany	1,50	-0,70	5,70	11,60	11,30	9,60	9,20	11,30
France	1,60	0,00	3,40	7,10	7,10	6,70	7,00	7,10
Italy	0,50	-0,30	4,20	12,60	12,60	12,30	10,70	12,50
Spain	0,80	-0,60	6,60	7,30	6,70	5,50	5,90	6,60
Japan	0,80	-1,20	0,80	3,70	3,80	4,00	3,50	3,80
United Kingdom	1,30	0,60	5,40	11,10	10,70	10,50	10,10	0,00
Switzerland	-0,10	-1,00	1,30	2,90	2,90	2,70	3,00	3,00
Canada	2,20	0,90	4,80	6,90	6,80	6,30	5,90	0,00
Emerging Economies								
China	4,50	0,20	1,50	2,10	1,60	1,80	2,10	1,00
India	7,22	4,69	5,44	6,81	5,92	5,76	6,48	6,40
Russia	3,37	5,10	8,68	12,70	11,99	11,94	11,84	11,04
Brazil	4,48	5,45	10,16	6,46	5,97	5,93	5,71	5,47
Mexico	2,80	3,19	7,54	8,41	7,80	7,82	7,98	7,69
Commodities - Year or Month-end data (Thompson Reuters)								
CRB Index	196,64	178,29	247,02	295,32	302,42	301,33	302,92	0,00
Bloomberg Commodity Index	172,00	166,63	211,80	245,34	252,06	245,89	244,68	0,00
Energy & Transportation								
Brent Oil	67,77	51,22	77,24	93,30	85,61	82,82	83,42	0,00
West Texas Oil	61,08	48,28	75,21	86,53	80,45	80,23	78,87	0,00
Natural Gas	2,19	2,54	3,73	6,36	6,93	4,48	2,68	0,00
Baltic Dry Index (Transp.)	1090	1366	2217	1463	1355	1515	681	0
Metals								
Gold	1520,50	1897,77	1822,39	1638,03	1751,94	1815,64	1928,19	0,00
Silver	17,92	26,38	23,27	19,21	21,67	23,75	23,68	0,00
Cooper	2,80	3,52	4,46	3,37	3,74	3,81	4,23	0,00
Currencies (units per EUR) - Year or Month-end data (Thompson Reuters)								
USD (United States)	1,122	1,222	1,138	0,989	1,043	1,070	1,086	0,000
GBP (United Kingdom)	0,847	0,895	0,840	0,858	0,865	0,887	0,882	0,000
CHF (Switzerland)	1,087	1,082	1,036	0,989	0,981	0,987	0,998	0,000
JPY (Japan)	121,99	126,33	130,95	146,90	143,68	140,82	141,24	0,00
CNY (China)	7,819	8,002	7,248	7,214	7,355	7,419	7,338	0,000
BRL (Brazil)	4,516	6,355	6,334	5,186	5,415	5,635	5,530	0,000
MXN (Mexico)	21,20	24,38	23,27	19,62	19,95	20,80	20,42	0,00

Source: IMF, Thompson Reuters.

Although cost of debt issued in 2023 in Spain is expected to rise close to 3%, fiscal deficit and debt to GDP will go down in an effort to normalize the public accounts and leave the COVID impacts behind. In that context, Spanish risk premium remains under control, around 105 b.p.

Macro Trends

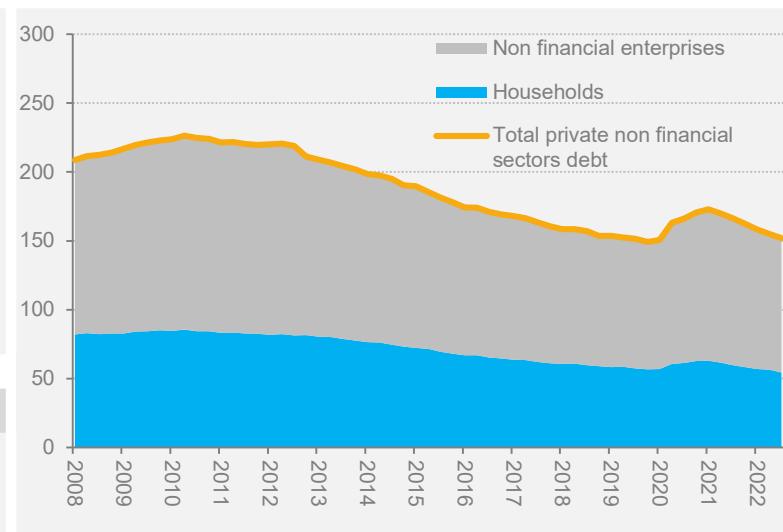
Appendix Spanish Debt Outlook

Main public debt figures, Bank of Spain & Treasury

Debt to GDP 2022	Debt to GDP 2023
113,1%	110,6%
Surplus/Deficit 2022	Surplus/Deficit 2023
-4,20%	-4,10%
Avg. Cost of Debt 2022	Avg. Cost of Debt 2023
1,73%	-
Cost of debt issued 2022	Cost of debt issued 2023
1,35%	-
Avg. Maturity Debt 2022	Avg. Maturity Debt 2023
7,9 years	7,9 years

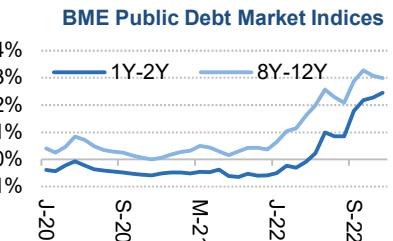
Ratings Public Debt	2023 - Net financing
Fitch: A- / estable	Short Term - €11,53bn
Moody's: Baa1 / estable	Med.&Long T. €81,53bn
S&P: A / estable	Total €70,00bn

Deleverage process of private sectors (2008-2022). Debt in % of GDP

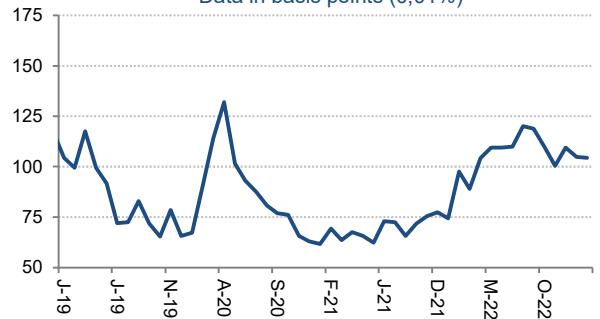


Public Debt Issuances

31/12/2022	3M	6M	9M	12M	2Y
Treasury bills. IRR (%)	1,675	2,461	2,772	2,718	2,925
	3Y	5Y	10Y	15Y	30Y
Bonds & Obligations. IRR (%)	2,985	3,191	3,657	3,971	4,004
Volume (M€)	Amortizations	Auctions	Net financing		
January	31.301	29.635	-1.666		
February	8.142	27.172	19.030		
March	8.976	20.536	11.560		
April	29.556	18.587	-10.969		
May	8.791	17.703	8.912		
June	8.172	24.796	16.624		
July	7.548	19.089	11.541		
August	7.811	13.187	5.376		
September	7.119	21.262	14.143		
October	25.950	16.745	-9.205		
November	7.383	14.986	7.603		
December	11.760	8.870	-2.890		
TOTAL	162.509	232.568	70.059		



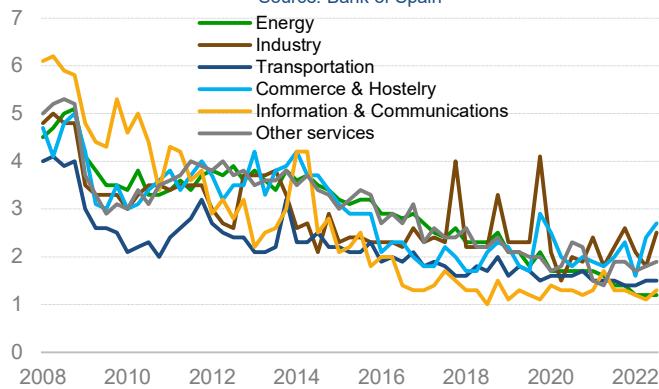
Spanish risk premium (2019 - 2023) Data in basis points (0,01%)



Cost of debt evolution

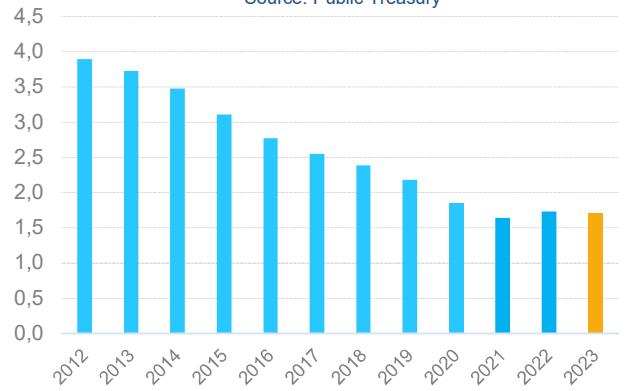
Cost of outstanding debt by private sectors (%)

Source: Bank of Spain



Average cost of outstanding public debt (%)

Source: Public Treasury



Sources: BME, Bank of Spain, Public Treasury and T. Reuters

12

Market Research

